

Special Membership Issue

A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 20 VESEY STREET, NEW YORK, N. Y.

APRIL 24, 1935

Marketing Meeting Postponed to Fall

Possibility of Legislative Changes Affecting Sales Plans Leads To Date Change

Owing to the possibility of many legislative changes in Washington which may have direct bearing on sales planning, the board of directors of the Association voted on April 11 to postpone the A.M.A. Marketing Conference until early autumn. Another factor leading to the decision was the number of meetings of other organizations for May which would prove more or less competitive with the Association meeting.

The directors voted the postponement on the strength of recommendations made not only by the vice-presidents of the two marketing divisions, but by other members of the board who are familiar with the general subject of marketing.

The A.M.A. Marketing Conference in the autumn will have as its general theme "Distribution: A Major Business Problem". As originally planned for May, the conference will cover such topics as "The Functions of Sales Planning", "The Sales and Profit Budget" and "Mass Consumer Analysis As An Aid to Sales Planning". Members of A.M.A. interested in the general subject of marketing are urged to send in to association headquarters any suggestions they may want to make as to topics or speakers.

Office Management Meeting May 6 & 7

Members of A.M.A. are reminded that the Office Management Conference will be held at the Hotel Pennsylvania, New York City, May 6 and 7 next. The sessions will be open to all members and non-members who are interested in the problems of the office as the "nerve center" of a business.

"Incentives" will be one of the outstanding subjects for discussion at the conference.

Insurance Booklet Has Second Edition

History & Principles of Marine Coverage Outlined

The Insurance Society of New York has issued a second edition of a short sketch of the History & Principles of Marine Insurance by William D. Winter, President of the Atlantic Mutual Insurance Company of New York.

The subject matter of the booklet falls into two parts. The first outlines the history of marine insurance, starting with the first appearance of General Average a thousand years before the Christian era, continuing through the Lombards of Italy, the Coffee Houses and Lloyd's, and marine insurance development from the American colonial period up to the present day. The second part outlines the general principles of marine insurance. The booklet concludes with an English translation of the earliest known contract of insurance, made in Genoa in 1347.

A small quantity of the booklet is being held at American Management Association headquarters and copies will be sent to members on request until the supply is exhausted.

CONFERENCES DREW MANY EXECUTIVES

More than 1500 executives have attended conferences held by the Association in the twelve months period ending late in May. The largest registration, totalling 526, was recorded for the Fifth Packaging Conference and Exposition held in Chicago in March. The next largest registration, for the Personnel & Industrial Relations Conference in Pittsburgh last February, was 486.

Registration for the General Management Conference last May was 211 and for the Comptrollers Conference in June 158. A total of 183 executives registered for the Conference on Taxation & Monetary Inflation at Lido last September. Exactly 200 executives attended the A.M.A. Insurance Conference held in Atlantic City early this month.

Facts About The Association

It has ten divisions, devoted to the full range of management problems and techniques.

Several thousand executives attend the annual Conferences, which are the focal points in the A.M.A. program.

A.M.A. publishes two outstanding professional periodicals in the field of management. They are *Management Review* and *Personnel*. In addition, it publishes for members the Proceedings of annual Conferences.

Executives of all ranks—chairmen, presidents, vice-presidents, personnel and industrial relations directors, department heads, junior associates—all are represented in the membership ranks.

There is a place in the Association for every person interested in management as a profession.

A.M.A. is a strictly professional society. It bears the same relation to its members as the national engineering or Founder societies do to their members.

Membership In AMA Has 3 - Fold Appeal

Service to Individual, Company And Profession Stressed

Membership in the American Management Association has a three-fold appeal. First, it helps the individual manager to do a better job for his company and for himself. Secondly, it serves the broad interests of all management, acting as a clearing house for the recorded experiences of successful managers.

Thirdly, A.M.A. offers the company and individual member the advantages of professional association in a national organization devoted to but one purpose, the development of management in all its phases.

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APRIL 24, 1935

THE A.M.A.

A non-profit organization of professional executives whose job it is to get the day's work done - Practical solutions of practical problems.

"Every Man A Debtor"

"Every man owes part of his time to the profession to which he belongs."—*President Theodore Roosevelt*, in a public address.

"I hold every man a debtor to his profession, from which men of course do seek to receive countenance and profit, so ought they of duty to endeavor themselves by way of amends to be a help and ornament thereunto."—*Francis Bacon*.

HELPFUL AIDS IN MEMBERSHIP WORK

Personal Contact Great Help In Presenting the AMA Story

Suggestions by which active members of A.M.A. can cooperate in an organized effort to bring a large number of new members into the Association within the next thirty days, were outlined at headquarters just before this issue of *A.M.A. News-Letter* went to the printer. Among the suggestions are these:

"Please decide now to give some time to membership work, if only ten minutes a day. Place your membership approach on a personal basis, to the extent of persuading a prospective member to give you a hearing. Then stress the scope of the work, its importance, its meaning to you. Send to headquarters at No. 20 Vesey street for printed material which will help you tell the membership story in detail."

Every member is asked to help on the basis of his debt to his profession and his obligation to help in its development.

Straight Talk

The American Management Association is passing through a crucial period, marked by increasing demands upon its resources and its services.

New developments in the profession and technique of management, new problems arising out of social changes and readjustments in both the plant and the office, bring increasing call to A.M.A. for its help in meeting a variety of new problems.

These new activities, reflecting continuing expansion in the program, cost money. The Association, in its own office management, practises what it preaches. Every dollar of available funds is made to do a maximum of service. But, the costs are mounting. Additional financial support is needed. That means more members.

The purpose of this issue of the *A.M.A. News-Letter* is to call the facts in the situation to the attention of the members, with the hope that each will give a little time to membership work. Getting down to the facts, every member is urged to enroll at least one new Company or Individual member within the next thirty days.

With all due respect to printed prospectuses and well written letters, there is no agency that can come up to an active member where getting new blood into the Association is concerned. On the basis of this fact, we urge everyone to make the decision now to develop at least one prospect into full membership.

ALVIN E. DODD
Executive Vice-President

Prospectus Outlines The AMA Objectives

Cover All Management Phases In Comprehensive Program

The prospectus of A.M.A. sets forth many facts about membership which have bearing on the effort to bring in as many new company and individual members as possible within the next thirty days.

In one place, the prospectus states:

"The aims and purposes of the organization concern themselves with all phases of management, these including research, wage incentives, employment, hours of work, finance, personnel training and selection, sales and advertising, market analysis, production, insurance and other important management subjects."

Again:

"The work of the American Management Association offers an interesting and stimulating field for the talents of the ranking executive in any company or corporation, as well as for those who are interested in responsibility. The two groups find a common incentive in work which challenges the best thinking and the best planning of everyone concerned."

AMA SERVICE GOES AROUND THE WORLD

Requests for Information Come From Many Foreign Lands

If each request for information or assistance received by the Research & Information Bureau of the Association were represented by a pin stuck in a map, the pins would be scattered all over the world. Miss Leona Powell, director of the Bureau, states that requests for management facts covering a wide range of interest have come from many corners of the globe.

Foreign lands whose citizens, including important scientists, engineers and industrial executives, have called upon A.M.A. for information include Italy, France, Holland, Sweden, Norway, Germany, England, Spain, Switzerland, India and China.

Of course, there are countless requests for management information from A.M.A. members and non-members in the United States. All requests, whether from at home or abroad, reflect a growing interest in the technique of modern management as represented in the A.M.A. program.

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This digest covers the views of various authorities. It does not include any strictly confidential information nor specific prices from the sources.

BUSINESS CONDITIONS

Vol. 8 No. 4

April, 1935

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	THOMAS GIBSON
GENERAL OUTLOOK	Since the nation's purchasing power may be lower this year than in 1934 and business activity for the first quarter exceeded that in 1934, a corrective movement should be in evidence during the second quarter (March 30).	Returns at hand from approximately one thousand sources covering all districts give clear indication that business sentiment is definitely encouraging (April 15).	Favorable business factors are: steel consumption is high relative to production; consumer incomes are well sustained; inventories are moderate; impediments to corporate financing are gone; Work Relief will dispense buying power (April 3).	It seems fair to state that for the country as a whole no great recession from present levels is in prospect during the coming months but that rather sharp geographical variations are very definitely in prospect (April 5).
MONEY AND CREDIT	While federal expenditures in the first quarter widely exceeded receipts, the rate of expenditure was much lower than estimated in the budget and the deficit for the current fiscal year may fall well below estimation (March 30).	The outlook is for a considerable period of easy money with small demand for new capital (April 8).	Despite some deflationary elements, many steps have been taken which should ultimately be translated into inflationary movement, with huge credit expansion possible based on existing excess reserves of banks (March 30).	With the probable disintegration of the gold bloc, gold will flow to this country and London in increasing amounts and improve capital markets (April 5).
SECURITY MARKETS	The trend toward refunding is of significance if it proceeds on a scale which will accomplish a widespread reduction in the rates on borrowed long-term capital (April 4).	Against the dangers of inflation, it is wise to hold a fair proportion of shorter-term bond issues instead of too many long-term bonds (April 15).	The quiet strength which started to manifest itself in the stock market about the middle of March is beginning to reflect the constructive character of the underlying economic situation in this country (April 6).	Stocks which fluctuate with minor changes in earning power have already in their present market price discounted a far greater decline in business than now appears in prospect (March 29).
PRODUCTION	A manufacturing recession in the second quarter is indicated by the fact that the value of factory output for the first two months was much higher than the estimated level of farm income, a measuring rod for factory output (April 6).	Automobile output is actually being absorbed by retail sales. Earlier reports stated that increased production was due to anticipation of labor troubles, but it is now evident that cars have reached consumers' hands (April 15).		So long as demand for automobiles and agricultural implements holds up and supplies continue low, large potential steel orders are present and must be executed in the not distant future (April 5).
DISTRIBUTION	Contrary to the usual seasonal trend, freight cars loaded showed an increase of 0.5% in the first quarter of 1935 over the last quarter of 1934, but were 0.5% below the first quarter of 1934 (April 13).	Variety store sales exceed a year ago by 4% and are about 16% higher than for the same period in 1933; drug store sales are about 11% ahead of last year; department store sales about 5% greater in February than a year ago (April 8).	Evidence continues to indicate well sustained purchasing power, and consumer buying of spring merchandise is beginning to be heavy (April 3).	Retail trade has been better than wholesale trade, reflecting hand-to-mouth buying and uncertainty as to the future (March 29). No further important decline in volume of trade appears in prospect (April 5).
BUILDING	There was a moderate improvement in basic conditions during the first quarter with rents rising and building costs declining; but building costs are still far above the rent level, a rapid narrowing of the spread not being likely (March 30).	Commercial and industrial building is generally disappointing, with little expectation of immediate pick-up on public works. Foreclosures will have to be reduced before residential building can greatly expand (April 15).	Residential building contracts awarded in March were nearly double those of February—a much better than seasonal showing and 15% larger than a year ago (April 10).	
AGRICULTURE	The quantity of farm products marketed in February dropped to the lowest figure for any month of the depression, 26.3% below a year earlier, due to 1934 drought and Government acreage restriction (April 13).	The most favorable outlook for farmers seems to be in Ohio, Indiana, Iowa, Missouri, Illinois and California (April 15).		This country will produce in 1935 less wheat than it consumes, with a consequent rise in the grain market and even higher prices for wheat, corn and foodstuffs (April 12).
COMMODITY PRICES	The index of all commodity prices, based on 1926 as 100, was 79.5 in February as compared with 78.8 in January, with 73.6 in February a year ago and with 59.8 in February two years ago (April 6).	The sharp upward movement of living costs which marked the first quarter of 1935, is now tending to level off, indicating at least a temporary halt (April 8).	Coal prices hold by virtue of code regulation, without which weakness would be general. With the exception of glass, most building materials should tend toward stability (April 10).	The oil industry now looks for an increase in gasoline prices as the season of increased consumption approaches (April 5).
FOREIGN TRADE AND CONDITIONS		Temporarily a break-up of the "gold bloc" would be very upsetting but fundamentally it would open the way to stabilization of world currencies (April 8).		Competitive currency depreciation looms in Europe and will doubtless have important repercussions in this country of a favorable nature insofar as they cause a flow of capital to these shores (March 29).
LABOR AND WAGES	Factory payrolls in February were 14.0 per cent above a year ago, 2.7 per cent above the previous high and 86.3 per cent above the depression's low (April 6).	The spring period will be marked by considerable labor discussion due to labor unrest in coal, automobiles, textiles and rubber; the renewal of the NRA; and the probable revamping of Section 7a (April 8).	Payrolls in durable goods industries rose distinctly in 1934 and are again expanding sharply. It is unlikely that union activities will be allowed a free reign. Court decisions have strengthened the employer (April 3).	The future of the NRA and the labor threat are deterrents to immediate recovery (April 5).

NEWS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION
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SILBERLING RESEARCH CORPORATION

General business activity has kept a better pace than expected by those who take their cue from gloomy New York where the temper of finance does not give an accurate picture of industry (April 6).

The present "creeping" inflation will some day mushroom due to a shattering of the delicate bulwark existing between public use of bank credit and public use of its own credit by the direct issue of pieces of paper (April 6).

In the first three months of this year total retirement of bonded debt (excluding foreign bonds) was seven times as large as last year (April 6).

There is a distinct possibility that steel production will have a few weeks at least of fair business with motor production holding as well as it is (April 6).

Any broad and sweeping revival of construction, either residential or commercial, appears to await a much more acute shortage of accommodations and a more favorable position of the general debt load (March 30).

In the present European competitive struggle there may be a prolonged period of sparring and diplomatic by-play, with a consequently lessened volume of foreign trade and mild pressure on our export prices (March 30).

CLEVELAND TRUST COMPANY

If the expenditure of public funds is to produce recovery, those funds must be used on a large scale by business men to purchase durable goods, as well as by individuals to purchase consumers goods (April).

Government spending has not caused recovery since the money passes through the business mechanism and into the bank accounts of business men. While this continues business will not borrow and credit will not expand (April).

Recent financing through new bond issues indicates: adjustment has been made to the revised Securities Act; new issues are largely for refunding; low interest rates have not tempted business to improve or innovate (April).

Industrial production seems dependent on the automobile industry which should hold up during April and May. Coal production should decline and textile output is declining. Railroads are not purchasing much steel (April).

Both factory employment and factory payrolls increased from January to February (April).

GUARANTY TRUST COMPANY

Business expansion seems to have halted at a level slightly above that of 1934. General business sentiment reflects many economic and political uncertainties here and abroad (March 25).

Member banks have reported a substantial increase in loans and investments, mostly in brokers' loans on collateral security and in holdings of government obligations, and only slightly in commercial loans (March 25).

This month the appearance of the two largest flotations (for refunding purposes) ever registered under the Securities Act of 1933, arouses hope of a gradual revival in the new capital market (March 25).

Electric power production is well above 1934's level; the steel industry reports slowly declining output; textile industries in general show a large degree of stability; and the coal industry is holding to a high rate of operation (March 25).

Retail trade volumes are well maintained and probably moderately in excess of 1934 figures. Retail trade in textile goods and apparel is encouraging due to the Easter season (March 25).

Secretary Wallace's order will permit an addition of from 900,000 to 2,300,000 acres planted to spring wheat this year, the increased yield being estimated at from 10,000,000 to 30,000,000 (March 25).

The general tendency in basic commodity prices has been downward, with cotton leading the movement. Declines have not caused any pronounced recession in the general level of wholesale prices (March 25).

A report of the League of Nations on the leading industrial nations of the world, excluding Russia, shows there were increases in industrial production during 1934 in fifteen countries and decreases in two (March 25).

Labor uncertainty in the coal industry is due to the expiration on June 16 of its code, of great importance since it came into existence at a time of serious demoralization in coal markets and has caused price stability (March 25).

NATIONAL CITY BANK

Weakness in commodity and security prices, disturbance in foreign exchange markets and politics, decline in cotton and uncertainty as to legislation before Congress, keep business conservative (April).

The problem of recovery is not to pile up more credit in the banks, but to eliminate the psychological or actual obstacles publicly and privately imposed that prevent business men from using the vast amount of credit available (April).

The week of March 26 saw the largest amount of new financing for any single week in nearly four years, a notable indication of a breaking down of the deadlock which has existed in the capital market since the enactment of the Securities Act (April).

With seasonal reduction in automobile and farm implement output due shortly, and orders for heavy products lagging, the steel outlook is dim, reflected by declines in scrap prices (April).

March retail figures are difficult to interpret since the comparable period last year included the Easter trade. While sales have fallen off, April may well show a compensating balance (April).

Sluggishness in construction and heavy equipment has continued to act as a brake in business. Construction contracts awarded in 37 eastern states in the first half of March were 30% under a year ago (April).

Moisture conditions in the Corn Belt are favorable and to that extent the outlook for better feed crops is a hopeful one. Secretary Wallace's decision to remove all limitations on wheat acreage has been received with approval (April).

Disaster in the London pepper and shellac pools, a drop in the price of tin, rubber and coffee make the business man fear that irrespective of the longer trend, the immediate turn may be toward deflation (April).

Imports of fats have increased and exports declined. The export trade in lard and pork is not so important as it was a few years ago, due to A.A.A. policies which tend to destroy it as they do the export business in cotton (April).

Such actions as the impending strike of the bituminous coal miners for a six-hour day and five-day week at unchanged weekly wages, after having received the 35-hour week at the same wage as the 40 hour, are a menace to industry (April).